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April 22, 2005

Ms. Darlene Standley
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

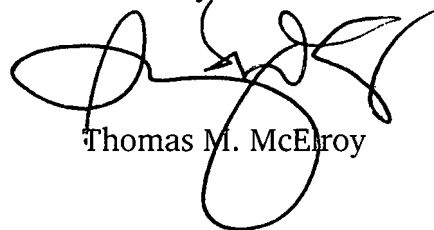
RE: Counce Natural Gas Company Depreciation Rates to use for Future Plant Additions; Docket No. 04-00037

Dear Ms. Standley:

Please find enclosed the original and thirteen copies of Counce Natural Gas Corporation's response to the information requested by you in your Data Request which was issued April 6, 2005.

Please file these copies in accordance with your normal procedures.

Sincerely,



Thomas M. McElroy

Inl
Enclosure



WATKINS, WARD AND STAFFORD
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April 21, 2005

Darlene Standley
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

**RE: Counce Natural Gas Company
Depreciation Rates to Use for Future Plant Additions
Docket No. 04-00037 – Application of Counce Natural Gas Corporation to
Increase its Rates**

Dear Ms. Standley,

Enclosed please find 13 copies of Counce Natural Gas Company's response to the information requested by the Tennessee Regulatory Authority.

Sincerely,

WATKINS, WARD AND STAFFORD, PLLC

Stephen Swetz, CPA

Stephen Swetz, CPA

MEMO

TO: Darlene Standley

FROM: Counce Natural Gas Company

**RE: Counce Natural Gas Company ("Counce")
Response to additional information requested by the Tennessee
Regulatory Authority**

The responses of Counce to the information requested made by the Tennessee Regulatory Authority are listed below.

- (1) **Accounts 377-379 and Accounts 383-386, Accounts 380-382 refer to class 49.21, however, the service life and depreciation rate in the depreciation schedules provided by Counce for Accounts 380-382 are 10 years and 10% unlike the 20 years and 5% found in the IRS tables and used for Accounts 377-379 and Accounts 383-386:**

Management believes that 10 years is a much more accurate service life for the assets in Accounts 380-382 due to management's past experience in replacing these types of assets. The IRS table was only intended to provide a guideline in aiding management in setting an accurate service life for the assets in the accounts detailed above.

- (2) **Accounts 391, 394, 396, and 398 refer to classes listing 7 years as the applicable service life while the depreciation schedule provided by Counce uses 5 years.**

Management believes that 5 years is a much more accurate service life for the assets in Accounts 391, 394, 396, and 398 due to management's past experience in replacing these types of assets. The IRS table was only intended to provide a guideline in aiding management in setting an accurate service life for the assets in the accounts detailed above.

I hope that this information helps answer your inquiries.